

competitor's attachment or other facility installation.<sup>2781</sup>

1138. Cable operators emphasize that access to poles, conduits and other facilities of LECs and utilities is critical to their ability to compete in the provision of telecommunications services as facilities-based competitors.<sup>2782</sup> Generally, cable operators support a definition of nondiscrimination that ensures that utilities cannot provide access to their facilities that is inferior to that provided to themselves or their affiliates.<sup>2783</sup> Moreover, small cable operators expressed support for the adoption of detailed national rules which they contend will strengthen their ability to negotiate acceptable pole attachment terms.<sup>2784</sup>

1139. With respect to capacity concerns, cable operators urge the Commission to construe narrowly the conditions under which access can be denied based on claims of insufficient capacity. Because access is critical to facilities-based competition, they argue, the Commission should adopt capacity standards that presume the availability of access as long as the new competitor can overcome whatever obstacles stand in the way of making the pole or facility capable of additional attachments.<sup>2785</sup> To underscore the importance of access to facilities-based competition, NCTA notes that Congress explicitly incorporated access to poles, conduits and rights-of-way in both section 251(b)(4) and section 271(c)(2) of the 1996 Act, recognizing that accessibility to such facilities is critical to finding genuine competition in the provision of local exchange service.<sup>2786</sup>

1140. Similarly, with regard to access denials based on claims of safety, reliability or engineering concerns, cable operators support using the NESC as the benchmark for resolving disputes over such issues. To the degree factors or standards other than those set forth in the NESC are relied upon to justify access, cable operators support a presumption that such denials are unreasonable and support the imposition of proof burdens on any LEC or utility making such claims.<sup>2787</sup>

1141. In their comments, state commissions emphasize their experience in dealing

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<sup>2781</sup> MFS comments at 11; GST Telecom comments at 6.

<sup>2782</sup> NCTA comments at 3-4.

<sup>2783</sup> Cole comments at 18.

<sup>2784</sup> Small Cable Business Association Comments at 21.

<sup>2785</sup> Summit comments at 1; Cole comments at 17.

<sup>2786</sup> NCTA comments at 12.

<sup>2787</sup> NCTA comments at 12; Cole comments at 18.

with pole attachment issues. One state commission indicates that its procedures for handling disputes concerning access to poles, conduits, and rights-of-way are sufficient and that any changes in procedures are unnecessary at this time.<sup>2788</sup> Moreover, state Commissions emphasize that the statute itself recognizes the prominent role of state and local regulation in the area of pole attachments, citing the preservation of state preemption of federal rules when a state has regulated in this area.<sup>2789</sup>

1142. With respect to the definition of nondiscrimination, state commissions urge us to ensure that incumbent LECs provide access to poles and other facilities on terms that do not discriminate unreasonably between similarly situated carriers.<sup>2790</sup> The Ohio Consumers' Counsel agrees, suggesting that nondiscrimination requires that LECs provide competitors access on the same terms it provides to itself or its affiliates.<sup>2791</sup> As for the various reasons that may be asserted to justify denial of access, the Ohio Commission and Ohio Consumers' Counsel argue that a heavy burden should be placed on the LEC or utility denying access to demonstrate whenever capacity constraints, safety issues or reliability concerns are claimed for the access denial.<sup>2792</sup>

### c. Discussion

#### (1) Generally

1143. We conclude that the reasonableness of particular conditions of access imposed by a utility should be resolved on a case-specific basis. We discuss below the forum for such resolutions.<sup>2793</sup> The record makes clear that there are simply too many variables to permit any other approach with respect to access to the millions of utility poles and untold miles of conduit in the nation.<sup>2794</sup> The broader access mandated by the Act, in conjunction with the reasonableness variables mentioned here, will likely increase the number of disputes over access. In turn, this may cause small incumbent LECs and small entities to incur the need for

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<sup>2788</sup> Illinois Commission comments at 72.

<sup>2789</sup> District of Columbia Commission comments at 9.

<sup>2790</sup> Illinois Commission comments at 73-74; Texas Commission comments at 3; California Commission comments at 5.

<sup>2791</sup> Ohio Consumers' Counsel comments at 5-6.

<sup>2792</sup> Ohio Commission comments at 11-12; Ohio Consumers' Counsel comments at 5-6.

<sup>2793</sup> See *infra*, Section E.

<sup>2794</sup> Delmarva comments at 6.

additional resources to evaluate, process, and resolve such disputes, as well as to make poles and conduits physically accessible.<sup>2795</sup> We will not enumerate a comprehensive regime of specific rules, but instead establish a few rules supplemented by certain guidelines and presumptions that we believe will facilitate the negotiation and mutual performance of fair, pro-competitive access agreements. We will monitor the effect of this approach and propose more specific rules at a later date if reasonably necessary to facilitate access and the development of competition in telecommunications and cable services. We believe that the rules, guidelines and presumptions established herein strike the appropriate balance between the need for uniformity, on the one hand, and the need for flexibility, on the other, which should minimize the regulatory burdens and economic impact for both small entities and small incumbent LECs.<sup>2796</sup>

1144. We also address the impact on small incumbent LECs. For example, the Rural Telephone Coalition opposes adoption of sweeping national rules because local circumstances will be relevant to disputes over access to poles or rights-of-way.<sup>2797</sup> We have considered the economic impact of our rules in this section on small incumbent LECs. For example, we have adopted a flexible regulatory approach to pole attachment disputes that ensures consideration of local conditions and circumstances.

1145. Our determination not to prescribe numerous specific rules is supported by acknowledgements in the relevant national industry codes that no single set of rules can take into account all of the issues that can arise in the context of a single installation or attachment. The NESC, one of the national codes that virtually all commenters regard as containing reasonable attachment requirements, contains thousands of rules and dozens of tables and figures, all designed to ensure "the practical safeguarding of persons during the installation, operation, or maintenance of electric supply and communication lines and associated equipment."<sup>2798</sup>

1146. For example, with respect to overhead wires, the NESC contains 64 pages of rules dictating minimum "clearances," i.e., the minimum separations between a particular wire, cable, or other piece of equipment and other wires, cables, equipment, structures, and property.<sup>2799</sup> A short list of only a few of the variables in that discussion includes: the type of wire or equipment in question; the type of current being transmitted; the nature of the

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<sup>2795</sup> See Regulatory Flexibility Act, 5 U.S.C. §§ 601 et seq.

<sup>2796</sup> See Regulatory Flexibility Act, 5 U.S.C. §§ 601 et seq.

<sup>2797</sup> RTC comments at 14.

<sup>2798</sup> NESC § 010.

<sup>2799</sup> NESC § 23.

structure supporting the wires; the proximity and nature of other equipment and structures; the temperature of the conducting element; and the use of the land below the wires. These separation requirements dictate the required distances between various wires and other transmission and distribution equipment, as well distances between such equipment and other objects that are not a part of the transmission and distribution network. Prescribed separations between wires will vary between the point at which wires are attached to a pole and at mid-points between poles, with the latter separations dictated by the predicted amount of sag that the wires will experience. The amount of sag will itself depend upon additional variables. Changing just one variable can radically alter the separation requirements.<sup>2800</sup> Other rules dictate: electrical loading requirements that vary depending upon wind and ice conditions and the predicted sag of the lines being installed; structural strength requirements that vary depending upon the amount and type of installations and the nature of the supporting structure; and line insulation requirements. A wholly separate and equally extensive array of rules apply to underground lines.

1147. Despite this specificity, the introduction to the NESC states that the code "is not intended as a design specification or an instruction manual."<sup>2801</sup> Indeed, utilities typically impose requirements more stringent than those prescribed by NESC and other industry codes.<sup>2802</sup> In some cases stricter requirements and restrictions are dictated by federal, state, or local law.<sup>2803</sup> Potentially applicable federal regulations include rules promulgated by the Federal Energy Regulatory Commission ("FERC") and by the Occupational Safety and Health Administration ("OSHA").<sup>2804</sup> Various restrictions can apply at the state level as well.<sup>2805</sup> Some local requirements governing zoning, aesthetics, or road clearances impose more stringent or more specific requirements than those of the national industry codes or of federal

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<sup>2800</sup> For example, depending upon other conditions there are at least 16 potentially applicable clearance requirements relating specifically to wires passing over or near swimming pools. Separate sets of clearance requirements apply to wires in the vicinity of rail cars, and for wires attached near bridges.

<sup>2801</sup> NESC § 010.

<sup>2802</sup> NU comments at 4-5; BellSouth comments at 16-17; Virginia Electric comments at 10-12; Carolina comments at 4; NEES comments at 11.

<sup>2803</sup> NEES comments at 6, 11; PECO comments at 2; Duquesne comments at 11-12; Virginia comments at 11-12

<sup>2804</sup> Texas Commission comments at 4; NEES comments at 11; American Electric comments at 25. See 29 C.F.R. §§ 1910.268, 1910.269.

<sup>2805</sup> NEES comments at 6 (citing Massachusetts statute prohibiting electric utilities from permitting attachments to their transmission facilities); Duquesne comments at 11-12 (describing similar restriction under Wisconsin law).

or state law.<sup>2806</sup>

1148. In addition to operating under federal, state, and local requirements, a utility normally will have its own operating standards that dictate conditions of access.<sup>2807</sup> Utilities have developed their own individual standards and incorporated them into pole attachment agreements because industry-wide standards and applicable legal requirements are too general to take into account all of the variables that can arise.<sup>2808</sup> A utility's individual standards cover not simply its policy with respect to attachments, but all aspects of its business. Standards vary between companies and across different regions of the country based on the experiences of each utility and on local conditions.<sup>2809</sup> As Duquesne notes, the provision of electricity is the result of varied engineering factors that continue to evolve.<sup>2810</sup> Because there is no fixed manner in which to provide electricity, there is no way to develop an exhaustive list of specific safety and reliability standards.<sup>2811</sup> In addition, increasing competition in the provision of electricity is forcing electric utilities to engineer their systems more precisely, in a way that is tailored to meet the specific needs of the electric company and its customers.<sup>2812</sup> As a result, each utility has developed its own internal operating standards to suit its individual needs and experiences.<sup>2813</sup>

1149. The record contains numerous factors that may vary from region to region, necessitating different operating procedures particularly with respect to attachments. Extreme temperatures, ice and snow accumulation, wind, and other weather conditions all affect a utility's safety and engineering practices.<sup>2814</sup> In some instances, machinery used by local industries requires higher than normal clearances. Particular utility work methods and equipment may require specific separations between attachments and may restrict the height of

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<sup>2806</sup> American Electric comments at 36; Delmarva comments at 10-11; Ameritech comments at 38; PECO comments at 2.; Duquesne comments at 11-13; ConEd comments at 11.

<sup>2807</sup> American comments at 26, 36; NEES comments at 11.

<sup>2808</sup> Virginia Power comments at 13; NEES comment at 11; NU comments at 4-5.

<sup>2809</sup> ConEd comments at 5; Duquesne comments at 7; NEES comments at 11.

<sup>2810</sup> Duquesne comments at 21.

<sup>2811</sup> *Id.*; UTC reply at 20.

<sup>2812</sup> Duquesne comments at 21.

<sup>2813</sup> ConEd reply at 2.

<sup>2814</sup> NEES comments at 11; Carolina comments at 4; American Electric comments at 31.

the poles that a utility will use.<sup>2815</sup> The installation and maintenance of underground facilities raise distinct safety and reliability concerns.<sup>2816</sup> It is important that such variables be taken into account when drafting pole attachment agreements and considering an individual attachment request. The number of variables makes it impossible to identify and account for them all for purposes of prescribing uniform standards and requirements.<sup>2817</sup> Universally accepted codes such as the NESC do not attempt to prescribe specific requirements applicable to each attachment request and neither shall we.

1150. We are sensitive to concerns of cable operators and telecommunications carriers regarding utility-imposed restrictions that could be used unreasonably to prevent access.<sup>2818</sup> We note in particular that a utility that itself is engaged in video programming or telecommunications services has the ability and the incentive to use its control over distribution facilities to its own competitive advantage. A number of utilities have obtained, or are seeking, the right and ability to provide telecommunications or video programming services.<sup>2819</sup> We agree, however, with Duquesne that the best safeguard is not the adoption of a comprehensive set of substantive engineering standards, but the establishment of procedures that will require utilities to justify any conditions they place on access.<sup>2820</sup> These procedures are outlined in section E below. In the next two sections, we set forth rules of general applicability and broader guidelines relating to specific issues that are intended to govern access negotiations between the parties.

## **(2) Specific Rules**

1151. We establish five rules of general applicability. First, in evaluating a request for access, a utility may continue to rely on such codes as the NESC to prescribe standards with respect to capacity, safety, reliability, and general engineering principles. We have no reason to question the reasonableness of the virtually unanimous judgment of the commenters, many of whom have otherwise diverse and conflicting interests, in this regard.<sup>2821</sup> Utilities

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<sup>2815</sup> American Electric comments at 20; NEES comments at 11; Carolina comments at 4.

<sup>2816</sup> ConEd comments at 7; Kansas City comments at 3-4; UTC reply at 20.

<sup>2817</sup> American Electric comments at 18-20, 36; Delmarva reply at 7-8.

<sup>2818</sup> Cole comments 3-7.

<sup>2819</sup> Cole reply at 3-7.

<sup>2820</sup> Duquesne comments at 21.

<sup>2821</sup> Cole comments at 22; American Electric comments at 22; NCTA reply at 6-7; UTC reply at 15-16; Virginia Power reply at 6; Ohio Edison reply at 23-24.

may incorporate such standards into their pole attachment agreements in accordance with section 224(f)(2). Other industry codes also will be presumed reasonable if shown to be widely-accepted objective guides for the installation and maintenance of electrical and communications facilities.

1152. Second, federal requirements, such as those imposed by FERC and OSHA, will continue to apply to utilities to the extent such requirements affect requests for attachments to utility facilities under section 224(f)(1). We see no reason to supplant or modify applicable federal regulations promulgated by FERC, OSHA, or other federal agencies acting in accordance with their lawful authority.

1153. Third, we will consider state and local requirements affecting pole attachments. We note that section 224(c)(1) provides:

Nothing in this section shall be construed to apply to, or to give the Commission jurisdiction with respect to rates, terms and conditions, or access to poles, ducts, conduits, and rights-of-way as provided in subsection (f), for pole attachments in any case where such matters are regulated by the State.<sup>2822</sup>

1154. In a separate section we discuss the authority of a state to preempt federal regulation of pole attachments.<sup>2823</sup> For present purposes, we conclude that state and local requirements affecting attachments are entitled to deference even if the state has not sought to preempt federal regulations under section 224(c).<sup>2824</sup> The 1996 Act increased significantly the Commission's role with respect to attachments by creating federal access rights and obligations, which for decades had been the subject of state and local regulation. Such regulations often relate to matters of local concern that are within the knowledge of local authorities and are not addressed by standard codes such as the NESC.<sup>2825</sup> We do not believe that regulations of this sort necessarily conflict with the scheme established in this Order. More specifically, we see nothing in the statute or in the record that compels us to preempt such local regulations as a matter of course. Regulated entities and other interested parties are familiar with existing state and local requirements and have adopted operating procedures and practices in reliance on those requirements. We believe it would be unduly disruptive to invalidate summarily all such local requirements. We thus agree with commenters who

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<sup>2822</sup> 47 U.S.C. § 224(c)(1).

<sup>2823</sup> See *infra*, Section E.

<sup>2824</sup> New Mexico comments at 12; Ohio comments at 11.

<sup>2825</sup> See *supra*, Section B.2.

suggest that such state and local requirements should be presumed reasonable.<sup>2826</sup> Thus, even where a state has not asserted preemptive authority in accordance with section 224(c), state and local requirements affecting pole attachments remain applicable, unless a complainant can show a direct conflict with federal policy. Where a local requirement directly conflicts with a rule or guideline we adopt herein, our rules will prevail. We note that a standard prescribed by the NESC is not a specific Commission rule, and therefore a state requirement that is more restrictive than the corresponding NESC standard may still apply.

1155. It is important to note that the discretion of state and local authorities to regulate in the area of pole attachments is tempered by section 253, which invalidates all state or local legal requirements that "prohibit or have the effect of prohibiting the ability of any entity to provide any interstate or intrastate telecommunications service."<sup>2827</sup> This restriction does not prohibit a state from imposing "on a competitively neutral basis and consistent with section 254, requirements necessary to preserve and advance universal service, protect the public safety and welfare, ensure the continued quality of telecommunications services, and safeguard the rights of consumers."<sup>2828</sup> In addition, section 253 specifically recognizes the authority of state and local governments to manage public rights-of-way and to require fair and reasonable compensation for the use of such rights-of-way.<sup>2829</sup>

1156. Fourth, where access is mandated, the rates, terms, and conditions of access must be uniformly applied to all telecommunications carriers and cable operators that have or seek access.<sup>2830</sup> Except as specifically provided herein, the utility must charge all parties an attachment rate that does not exceed the maximum amount permitted by the formula we have devised for such use, and that we will revise from time to time as necessary.<sup>2831</sup> Other terms and conditions also must be applied on a nondiscriminatory basis.<sup>2832</sup>

1157. Fifth, except as specifically noted below, a utility may not favor itself over other parties with respect to the provision of telecommunications or video programming

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<sup>2826</sup> PECO comments at 2; Kansas City comments at 2-3; NEES reply at 13.

<sup>2827</sup> 47 U.S.C. § 253(a).

<sup>2828</sup> 47 U.S.C. § 253(b); section 254 sets forth specific provisions related to universal service.

<sup>2829</sup> 47 U.S.C. § 253(c). See Ameritech reply at 10.

<sup>2830</sup> 47 U.S.C. § 224(f)(1). As noted above, incumbent LECs are excluded from the definition of "telecommunications carrier" for purposes of section 224. 47 U.S.C. § 224(a)(5).

<sup>2831</sup> See 47 C.F.R. § 1.1404.

<sup>2832</sup> See *supra*, Sections IV.G. and V.G. for a discussion of the meaning of "nondiscriminatory."



services.<sup>2833</sup> We interpret the statutory requirement of nondiscriminatory access as compelling this result, particularly when read in the context of other provisions of the statute. This element of nondiscrimination is evident in section 224(g), which requires a utility to impute to itself or to its affiliate the pole attachment rate such entity would be charged were it a non-affiliated entity.<sup>2834</sup> Further, we believe it unlikely that Congress intended to allow an incumbent LEC to favor itself over its competitors with respect to attachments to the incumbent LEC's facilities, given that section 224(a)(5) has just the opposite effect in that it operates to preclude the incumbent LEC from obtaining access to the facilities of other LECs. A utility will be able to discriminate in favor of itself with respect to the provision of telecommunications or cable services only as expressly provided herein. COL  
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1158. Aside from the conditions described above, we will not adopt specific rules to determine when access may be denied because of capacity, safety, reliability, or engineering concerns. In addition, we reject the contention of some utilities that they are the primary arbiters of such concerns, or that their determinations should be presumed reasonable.<sup>2835</sup> We recognize that the public welfare depends upon safe and reliable provision of utility services, yet we also note that the 1996 Act reinforces the vital role of telecommunications and cable services. As noted above, section 224(f)(1) in particular reflects Congress' intention that utilities must be prepared to accommodate requests for attachments by telecommunications carriers and cable operators.

### (3) Guidelines Governing Certain Issues

1159. In addition to the rules articulated above, we will establish guidelines concerning particular issues that have been raised in this proceeding. These guidelines are intended to provide general ground rules upon which we expect the parties to be able to implement pro-competitive attachment policies and procedures through arms-length negotiations, rather than having to rely on multiple adjudications by the Commission in response to complaints or by other forums. We do not discuss herein every issue raised in the comments. Rather, we discuss only major issues that we believe will arise often. Issues not discussed herein may be important in a particular case, but are not susceptible to any general observation or presumption.

1160. We note that a utility's obligation to permit access under section 224(f) does

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<sup>2833</sup> 47 U.S.C. § 224(f)(1); see Ohio Consumers' Counsel comments at 5; California comments at 5; MCI comments at 21; Sprint comments at 16; ACSI comments at 6-7.

<sup>2834</sup> 47 U.S.C. § 224(g).

<sup>2835</sup> American Electric comments at 14, 21; NEES comments at 14; ConEd comments at 11; Delmarva reply at 8.

not depend upon the execution of a formal written attachment agreement with the party seeking access. We understand that such agreements are the norm and encourage their continued use, subject to the requirements of section 224. Complaint or arbitration procedures will, of course, be available when parties are unable to negotiate agreements.<sup>2836</sup>

(a) Capacity Expansions

1161. When a utility cannot accommodate a request for access because the facility in question has no available space, it often must modify the facility to increase its capacity.<sup>2837</sup> In some cases, a request for access can be accommodated by rearranging existing facilities to make room for a new attachment.<sup>2838</sup> Another method of maximizing useable capacity is to permit "overlashing," by which a new cable is wrapped around an existing wire, rather than being strung separately.<sup>2839</sup> A utility pole filled to capacity often can be replaced with a taller pole.<sup>2840</sup> New underground installations can be accommodated by the installation of new duct, including subducts that divide a standard duct into four separate, smaller ducts.<sup>2841</sup> Cable companies and others contend that there is rarely a lack of capacity given the availability of taller poles and additional conduits.<sup>2842</sup> These commenters suggest that utilities should rarely be permitted to deny access on the basis of a lack of capacity, particularly since under section 224(h) the party or parties seeking to increase capacity will be responsible for all associated costs.<sup>2843</sup> Utilities argue that neither the statute nor its legislative history requires facility owners to expand or alter their facilities to accommodate entities seeking to lease space.<sup>2844</sup> These commenters argue that, if Congress intended such a result, the statute would have imposed the requirement explicitly.<sup>2845</sup>

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<sup>2836</sup> See *infra*, Section E.

<sup>2837</sup> Cole comments at 9; ConEd comments at 10; MFS comments at 10; NCTA reply at 5-6.

<sup>2838</sup> GST Telecom comments at 5.

<sup>2839</sup> MFS comments at 10; GST Telecom comments at 5.

<sup>2840</sup> Cole comments at 14-15.

<sup>2841</sup> GST Telecom comments at 5; Cole comments at 17.

<sup>2842</sup> Cole comments at 15.

<sup>2843</sup> NCTA comments at 12; Summit comments at 1; MCI comments at 23.

<sup>2844</sup> American Electric reply at 19; ConEd reply at 5; U S West reply at 7; GTE reply at 26; Virginia Power reply at 5.

<sup>2845</sup> SBC reply at 21.

1162. A utility is able to take the steps necessary to expand capacity if its own needs require such expansion. The principle of nondiscrimination established by section 224(f)(1) requires that it do likewise for telecommunications carriers and cable operators.<sup>2846</sup> In addition, we note that section 224(f)(1) mandates access not only to physical utility facilities (*i.e.*, poles, ducts, and conduit), but also to the rights-of-way held by the utility. The lack of capacity on a particular facility does not necessarily mean there is no capacity in the underlying right-of-way that the utility controls. For these reasons, we agree with commenters who argue that a lack of capacity on a particular facility does not automatically entitle a utility to deny a request for access. Since the modification costs will be borne only by the parties directly benefitting from the modification,<sup>2847</sup> neither the utility nor its ratepayers will be harmed, despite the assertions of utilities to the contrary.<sup>2848</sup>

1163. In some cases, however, increasing capacity involves more than rearranging existing attachments or installing a new pole or duct. For example, the record suggests that utility poles of 35 and 40 feet in height are relatively standard, but that taller poles may not always be readily available.<sup>2849</sup> The transportation, installation, and maintenance of taller poles can entail different and more costly practices.<sup>2850</sup> Many utilities have trucks and other service equipment designed to maintain poles of up to 45 feet, but no higher.<sup>2851</sup> Installing a 50 foot pole may require the utility to invest in new and costly service equipment.<sup>2852</sup> Expansion of underground conduit space entails a very complicated procedure, given the heightened safety and reliability concerns associated with such facilities.<sup>2853</sup> Local regulators may seek to restrict the frequency of underground excavations. We find it inadvisable to attempt to craft a specific rule that prescribes the circumstances in which, on the one hand, a utility must replace or expand an existing facility in response to a request for access and, on the other hand, it is reasonable for the utility to deny the request due to the difficulties involved in honoring the request. We interpret sections 224(f)(1) and (f)(2) to require utilities

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<sup>2846</sup> AT&T reply at 14-15; MFS reply at 22. We note that this standard differs from the one we adopt for collocation of equipment on incumbent LEC premises under section 251(c)(6). *See supra*, Section VI.

<sup>2847</sup> *See infra*, Section 2(b).

<sup>2848</sup> *See, e.g.*, Ohio Ed reply at 19.

<sup>2849</sup> NEES comments at 8; Cole comments at 15.

<sup>2850</sup> Carolina comments at 3-4; American Electric comments at 23.

<sup>2851</sup> NEES comments at 8-9.

<sup>2852</sup> UTC reply at 17.

<sup>2853</sup> American Electric comments at 20, 31; ConEd comments at 7; Kansas City comments at 3-4; UTC comments at 18. Some commenters assert that expanding conduit capacity is impractical. Delmarva reply at 7.

to take all reasonable steps to accommodate requests for access in these situations. Before denying access based on a lack of capacity, a utility must explore potential accommodations in good faith with the party seeking access.

1164. We will not require telecommunications providers or cable operators seeking access to exhaust any possibility of leasing capacity from other providers, such as through a resale agreement, before requesting a modification to expand capacity.<sup>2854</sup> As indicated elsewhere in this Order, resale will play an important role in the development of competition in telecommunications. However, as we also have noted, there are benefits to facilities-based competition as well. We do not wish to discourage unduly the latter form of competition solely because the former might better suit the preferences of incumbent utilities with respect to pole attachments.

**(b) Reservation of space by utility**

1165. Utilities routinely reserve space on their facilities to meet future needs.<sup>2855</sup> Local economic growth and property development may require an electric utility to install additional lines or transformers that use previously available space on the pole.<sup>2856</sup> A utility may install an underground duct in which it can later install additional distribution lines, if necessitated by a subsequent increase in demand or by damage to the original lines.<sup>2857</sup> Reserving space allows the utility to respond quickly and efficiently to changed circumstances. This practice, however, also can result in a utility denying access to a telecommunications carrier or a cable operator even though there is unused capacity on the pole or duct.

1166. This issue is of particular concern because section 224(h) imposes the cost of modifying attachments on those parties that benefit from the modification.<sup>2858</sup> If, for example, a cable operator seeks to make an attachment on a facility that has no available capacity, the operator would bear the full cost of modifying the facility to create new capacity, such as by replacing an existing pole with a taller pole. Other parties with attachments would not share in the cost, unless they expanded their own use of the facilities at the same time. If the electric utility decides to change a pole for its own benefit, and no other parties derive a benefit from the modification, then the electric company would bear the full cost of the new pole.

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<sup>2854</sup> See PNM comments at 20; Carolina comments at 5; American Electric reply at 14.

<sup>2855</sup> American Electric comments at 43; UTC reply at 22.

<sup>2856</sup> Virginia Power comments at 8; American comments at 23; Connecticut Light comments at 5.

<sup>2857</sup> Ohio Edison comments at 16-17; ConEd comments at 9.; Delmarva reply at 5.

<sup>2858</sup> See *infra*, Section (C)(3).

1167. Some commenters contend that utilities will reserve space on a pole and then claim there is no capacity available, as a way of forcing cable operators and telecommunications carriers to pay for new utility facilities. These commenters contend that we should restrict or eliminate the authority of utilities to reserve space.<sup>2859</sup> Utilities respond that it is unfair to force a utility to accommodate full occupation of its facility by third parties and then to saddle the utility with the cost of modifying the facility when the utility's own needs change and require a costly increase in capacity.<sup>2860</sup>

1168. The near-universal public demand for their core utility services, while imposing certain obligations, arguably entitles utilities to certain prerogatives vis-a-vis other parties, including the right to reserve capacity to meet anticipated future demand for those utility services.<sup>2861</sup> Recognition of such a right, however, could conflict with the nondiscrimination requirement of section 224(f)(1) which prohibits a utility from favoring itself or its affiliates with respect to the provision of telecommunications and video services.<sup>2862</sup> In addition, allowing space to go unused when a cable operator or telecommunications carrier could make use of it is directly contrary to the goals of Congress.

1169. Balancing these concerns leads us to the following conclusions. We will permit an electric utility to reserve space if such reservation is consistent with a bona fide development plan that reasonably and specifically projects a need for that space in the provision of its core utility service. The electric utility must permit use of its reserved space by cable operators and telecommunication carriers until such time as the utility has an actual need for that space. At that time, the utility may recover the reserved space for its own use. The utility shall give the displaced cable operator or telecommunications carrier the opportunity to pay for the cost of any modifications needed to expand capacity and to continue to maintain its attachment.<sup>2863</sup> An electric utility may not reserve or recover reserved space to provide telecommunications or video programming service and then force a previous attaching party to incur the cost of modifying the facility to increase capacity, even if the reservation of space were pursuant to a reasonable development plan. The record does not contain sufficient data for us to establish a presumptively reasonable amount of pole or conduit space subject that an electric utility may reserve. If parties cannot agree, disputes will

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<sup>2859</sup> MCI comments at 23; ACSI comments at 6-8; MFS comments at 7; Time Warner comments at 14; AT&T reply at 14-15.

<sup>2860</sup> AEP comments at 42-43; Duquesne comments at 17; PECO comments at 7; Delmarva comments at 14.

<sup>2861</sup> PNM comments at 8-9; American Electric comments at 13; ConEd reply at 4-5.

<sup>2862</sup> Ohio Consumers Counsel comments at 5-6; Delmarva comments at 8.

<sup>2863</sup> This standard differs from the one we adopt for allocation of collocation space under section 251(c)(4). See *supra*, Section VI.

be resolved on a case-by-case approach based on the reasonableness of the utility's forecast of its future needs and any additional information that is relevant under the circumstances.

1170. With respect to a utility providing telecommunications or video services, we believe the statute requires a different result. Section 224(f)(1) requires nondiscriminatory treatment of all providers of such services and does not contain an exception for the benefit of such a provider on account of its ownership or control of the facility or right-of-way. Congress seemed to perceive such ownership and control as a threat to the development of competition in these areas, thus leading to the enactment of the provision in question. Allowing the pole or conduit owner to favor itself or its affiliate with respect to the provision of telecommunications or video services would nullify, to a great extent, the nondiscrimination that Congress required. Permitting an incumbent LEC, for example, to reserve space for local exchange service, to the detriment of a would-be entrant into the local exchange business, would favor the future needs of the incumbent LEC over the current needs of the new LEC. Section 224(f)(1) prohibits such discrimination among telecommunications carriers. As indicated above, this prohibition does not apply when an electric utility asserts a future need for capacity for electric service, to the detriment of a telecommunications carrier's needs, since the statute does not require nondiscriminatory treatment of all utilities; rather, it requires nondiscriminatory treatment of all telecommunications and video providers.

**(c) Definition of "Utility"**

1171. The access obligations of section 224(f) apply to any "utility," which is defined as:

any person who is a local exchange carrier or an electric, gas, water, steam, or other public utility, and who owns or controls poles, ducts, conduits, or other rights-of-way used, in whole or in part, for any wire communications. Such term does not include any railroad, any person who is cooperatively organized, or any person owned by the Federal Government or any State.<sup>2864</sup>

1172. Arguably a provider of utility service does not fall within this definition if it has refused to permit any wired communications use of its facilities and rights-of-way since, in that case, its facilities and rights-of-way are not "used, in whole or in part, for wire communications." Under this construction, an electric utility would have no obligation to grant access under section 224(f) until the utility voluntarily has granted access to one communications provider or has used its facilities for wire communications.<sup>2865</sup> Only after its

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<sup>2864</sup> 47 U.S.C. § 224(a)(1).

<sup>2865</sup> NU Systems comments at 2-3; UTC comments at 6-7.

facilities were being used for wire communications would the utility have to grant access to all telecommunications carriers and cable operators on a nondiscriminatory basis.

1173. We conclude that this construction of the statute is mandated by its plain language and is indeed nondiscriminatory, since denial of access to all discriminates against none. We see no statutory basis, however, for the argument made by some utilities that they should be permitted to devote a portion of their poles, ducts, conduits, and rights-of-way to wire communications without subjecting all such property to the access obligations of section 224(f)(1).<sup>2866</sup> Those obligations apply to any "utility," which section 224(a)(1) defines to include an entity that controls "poles, ducts, conduits, or rights-of-way used, in whole or in part, for any wire communications."<sup>2867</sup> The use of the phrase "in whole or in part" demonstrates that Congress did not intend for a utility to be able to restrict access to the exact path used by the utility for wire communications. We further conclude that use of any utility pole, duct, conduit, or right-of-way for wire communications triggers access to all poles, ducts, conduits, and rights-of-way owned or controlled by the utility, including those not currently used for wire communications.

1174. We reject the contention that, because an electric utility's internal communications do not pose a competitive threat to third party cable operators or telecommunications carriers, such internal communications are not "wire communications" and do not trigger access obligations.<sup>2868</sup> Although internal communications are used solely to promote the efficient distribution of electricity, the definition of "wire communication" is broad and clearly encompasses an electric utility's internal communications.<sup>2869</sup>

**(d) Application of Section 224(f)(2) to Non-Electric Utilities**

1175. While all utilities are subject to the access obligations of section 224(f)(1), the provisions of section 224(f)(2), permitting a utility to deny access due to a lack of capacity or for reasons of safety, reliability, and generally applicable engineering purposes, apply only to "a utility providing electric service . . . ."<sup>2870</sup> Based on this statutory language, some commenters suggest that LECs and other utilities that do not provide electric service must

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<sup>2866</sup> See American Electric comments at 12, n. 7.

<sup>2867</sup> 47 U.S.C. § 224(a)(1).

<sup>2868</sup> See UTC comments at 7; Delmarva reply at 5.

<sup>2869</sup> See 47 U.S.C. 3(51) ("The term 'wire communication' . . . means the transmission of writing, signs, signals, pictures, and sounds of all kinds by aid of wire, cable, or other like connection . . .").

<sup>2870</sup> 47 U.S.C. § 224(f)(2).

grant requests for access, regardless of any concerns relating to safety, reliability, and general engineering principles.<sup>2871</sup> If there is a lack of capacity, a LEC must create more capacity, according to these commenters.<sup>2872</sup>

1176. While the express language of sections 224(f)(1) and (f)(2) suggests that only utilities providing electric service can take into consideration concerns relating to safety and reliability, we are reluctant to ignore these concerns simply because the pole owner is not an electric utility. Even parties seeking broad access rights under section 224 recognize that, in some circumstances, a LEC will have legitimate safety or engineering concerns that may need to be accommodated.<sup>2873</sup> We believe that Congress could not have intended for a telecommunications carrier to ignore safety concerns when making pole attachment decisions. Rather than reach this dangerous result which would require us to ignore the dictates of sections 1<sup>2874</sup> and 4(o)<sup>2875</sup> of the Communications Act, we conclude that any utility may take into account issues of capacity, safety, reliability and engineering when considering attachment requests, provided the assessment of such factors is done in a nondiscriminatory manner.

1177. Nevertheless, we believe that section 224(f)(2) reflected Congress' acknowledgment that issues involving capacity, safety, reliability and engineering raise heightened concerns when electricity is involved, because electricity is inherently more dangerous than telecommunications services. Accordingly, although we determine that it is proper for non-electric utilities to raise these matters, they will be scrutinized very carefully, particularly when the parties concerned have a competitive relationship.

#### (e) Third-Party Property Owners

1178. Section 224(f)(1) mandates that the utility grant access to any pole, duct, conduit, or right-of-way that is "owned or controlled by it." Some utilities and LECs argue that certain private easement agreements, when interpreted under the applicable state property laws, deprive the utilities of the ownership or control that triggers their obligation to

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<sup>2871</sup> See, e.g., AT&T comments at 16-17.

<sup>2872</sup> *Id.* at 16-17.

<sup>2873</sup> AT&T reply at 17, n. 40

<sup>2874</sup> 47 U.S.C. § 151 (establishing the Commission for the purpose of promoting a "rapid, efficient Nation-wide, and world-wide wire and radio and communication service with adequate facilities . . . [and] promoting safety of life and property . . .").

<sup>2875</sup> 47 U.S.C. § 154 (o) (promoting the "safety of life and property" with respect to the use of radio and wire communications).



accommodate a request for access.<sup>2876</sup> Moreover, they contend, access to public rights-of-way may be restricted by state law or local ordinances.<sup>2877</sup> Opposing commenters contend that the addition of cable television or telecommunications facilities is compatible with electric service and therefore does not violate easements that have been granted for the provision of electric service.<sup>2878</sup> These commenters also assert that the statute does not draw specific distinctions between private and public easements.<sup>2879</sup> Further, some cable operators contend that utility easements are accessible to cable operators pursuant to section 621(a)(2) of the Communications Act as long as the easements are physically compatible with such use, regardless of the terms of a written easement agreement.<sup>2880</sup> Another commenter suggests utilities are best positioned to determine when access requests would affect a private easement, foreclosing the need to determine whether a private owner would consent to the requested attachment.<sup>2881</sup> As for local ordinances restricting access to public rights-of-way, one commenter suggests that such restrictions would violate section 253(a) of the Act, which blocks state or local rules that prohibit competition.<sup>2882</sup>

1179. The scope of a utility's ownership or control of an easement or right-of-way is a matter of state law.<sup>2883</sup> We cannot structure general access requirements where the resolution of conflicting claims as to a utility's control or ownership depends upon variables that cannot now be ascertained. We reiterate that the access obligations of section 224(f) apply when, as a matter of state law, the utility owns or controls the right-of-way to the extent necessary to permit such access.

1180. Section 621(a)(2) states that a cable franchise shall be construed as authorizing the construction of cable facilities in public rights-of-way and "through easements . . . which have been dedicated for compatible uses . . . ."<sup>2884</sup> The scope of a cable operator's access to

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<sup>2876</sup> UTC comments at 7-8; GVNW comments at 9; U S West reply at 6; BellSouth reply at 9; see BOMA reply at 3.

<sup>2877</sup> Rural Tel. reply at 4.

<sup>2878</sup> Cole comments at 16-17.

<sup>2879</sup> MFS reply at 16.

<sup>2880</sup> Cole comments at 17; see 47 U.S.C. § 541(a)(2).

<sup>2881</sup> AT&T reply at 18.

<sup>2882</sup> Sprint reply at 18.

<sup>2883</sup> See S. Rep. No. 580, 95th Cong., 1st Sess. 16 (1977).

<sup>2884</sup> 47 U.S.C. § 541(a)(2).

easements under this provision has been the subject of a number of court opinions.<sup>2885</sup> To the extent section 621(a)(2) has been construed to permit access to easements, a cable operator must be permitted to attach to utility poles, ducts, and conduits within such easements in accordance with section 224(f).

1181. Finally, we disagree with those utilities that contend that they should not be forced to exercise their powers of eminent domain to establish new rights-of-way for the benefit of third parties.<sup>2886</sup> We believe a utility should be expected to exercise its eminent domain authority to expand an existing right-of-way over private property in order to accommodate a request for access, just as it would be required to modify its poles or conduits to permit attachments. Congress seems to have contemplated an exercise of eminent domain authority in such cases when it made provisions for an owner of a right-of-way that "intends to modify or alter such . . . right-of-way . . . ."<sup>2887</sup>

#### (f) Other Matters

1182. Utilities stress the importance of ensuring that only qualified workers be permitted in the proximity of utility facilities. Some utilities seek to limit access to their facilities to the utility's own specially trained employees or contractors, particularly with respect to underground conduits.<sup>2888</sup> According to these commenters, parties seeking to make attachments to utility facilities should be required to pay for the use of the utility's workers if the utility concludes that only its workers are fit for the job. While we agree that utilities should be able to require that only properly trained persons work in the proximity of the utilities' lines, we will not require parties seeking to make attachments to use the individual employees or contractors hired or pre-designated by the utility. A utility may require that individuals who will work in the proximity of electric lines have the same qualifications, in terms of training, as the utility's own workers, but the party seeking access will be able to use any individual workers who meet these criteria. Allowing a utility to dictate that only specific employees or contractors be used would impede the access that Congress sought to bestow on telecommunications providers and cable operators and would inevitably lead to disputes over rates to be paid to the workers.

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<sup>2885</sup> *TCI of North Dakota, Inc. v. Schriock Holding Co.*, 11 F.3d 812 (8th Cir. 1993); *Media General Cable of Fairfax, Inc. v. Sequoyah Condominium Council of Co-Owners*, 991 F.2d 1169 (4th Cir. 1993); *Cable Holdings of Georgia, Inc. v. McNeil Real Estate Fund VI, Ltd.*, 953 F.2d 600 (11th Cir.), *cert. den'd*, 506 U.S. 862 (1992); *Cable Investments, Inc. v. Woolley*, 867 F.2d 151 (3d Cir. 1989).

<sup>2886</sup> *But see* UTC comments at 15; Ohio Edison comments at 14-15.

<sup>2887</sup> 47 U.S.C. § 224(h).

<sup>2888</sup> *Kansas City* at 3-4.

1183. Some electric utilities argue that high voltage transmission facilities should not be accessible by telecommunications carriers or cable operators under section 224(f)(1).<sup>2889</sup> These commenters contend that transmission facilities, which are used for high voltage transmissions over great distances, are far more delicate and dangerous than local distribution facilities. Permitting attachments to transmission facilities, they argue, poses a greater risk to the safety and reliability of the electric distribution system than is the case with distribution lines. They further state that transmission facilities generally are not located where cable operators and telecommunications carriers need to install facilities. ConEd suggests that transmission towers do not even fall within the scope of the statute.<sup>2890</sup>

1184. Section 224(f)(1) mandates access to "any pole, duct, conduit, or right-of-way," owned or controlled by the utility. The utilities do not suggest that transmission facilities do not use poles or rights-of-way, for which the statute does mandate the right of access. The utilities' arguments for excepting transmission facilities from access requirements are based on safety and reliability concerns. We believe that the breadth of the language contained in section 224(f)(1) precludes us from making a blanket determination that Congress did not intend to include transmission facilities. As with any facility to which access is sought, however, section 224(f)(2) permits the electric utility to impose conditions on access to transmission facilities, if necessary for reasons of safety and reliability. To the extent safety and reliability concerns are greater at a transmission facility, the statute permits a utility to impose stricter conditions on any grant of access or, in appropriate circumstances, to deny access if legitimate safety or reliability concerns cannot be reasonably accommodated.<sup>2891</sup>

1185. We note that some commenters favor a broad interpretation of "pole, duct, conduit, or right-of-way" because that approach would minimize the risk that a "pathway" vital to competition could be shut off to new competitors.<sup>2892</sup> Others argue for a narrow construction of this statutory phrase, contending that Congress addressed access to other LEC facilities elsewhere in the 1996 Act.<sup>2893</sup> We recognize that an overly broad interpretation of this phrase could impact the owners and managers of small buildings, as well as small incumbent LECs, by requiring additional resources to effectively control and monitor such rights-of-way located on their properties.<sup>2894</sup> We do not believe that section 224(f)(1) mandates

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<sup>2889</sup> NEES comments at 15-16; PECO comments at 4.

<sup>2890</sup> ConEd comments at 6.

<sup>2891</sup> 47 U.S.C. § 224(f)(2).

<sup>2892</sup> AT&T comments at 14.

<sup>2893</sup> Ameritech reply at 8; NYNEX reply at 8; PacTel reply at 22.

<sup>2894</sup> See Regulatory Flexibility Act, 5 U.S.C. §§ 601 et seq.

that a utility make space available on the roof of its corporate offices for the installation of a telecommunications carrier's transmission tower,<sup>2895</sup> although access of this nature might be mandated pursuant to a request for interconnection or for access to unbundled elements under section 251(c)(6).<sup>2896</sup> The intent of Congress in section 224(f) was to permit cable operators and telecommunications carriers to "piggyback" along distribution networks owned or controlled by utilities, as opposed to granting access to every piece of equipment or real property owned or controlled by the utility.<sup>2897</sup>

1186. The statute does not describe the specific type of telecommunications or cable equipment that may be attached when access to utility facilities is mandated.<sup>2898</sup> We do not believe that establishing an exhaustive list of such equipment is advisable or even possible. We presume that the size, weight, and other characteristics of attaching equipment have an impact on the utility's assessment of the factors determined by the statute to be pertinent -- capacity, safety, reliability, and engineering principles. The question of access should be decided based on those factors.

### 3. Constitutional Takings

#### a. Background

1187. The access provisions of section 224(f) restrict the right of a utility to exclude third parties from its property and therefore may raise Fifth Amendment issues.<sup>2899</sup> While we have no jurisdiction to determine the constitutionality of a federal statute, constitutional concerns are relevant for purposes of construing a statute.<sup>2900</sup> For that reason, we here consider the constitutional issues raised in the comments.

#### b. Comments

1188. A number of utilities suggest that we must construe section 224(f) as permitting

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<sup>2895</sup> See Winstar comments at 3.

<sup>2896</sup> See *supra*, Section VI.B.

<sup>2897</sup> Ohio Edison reply at 12.

<sup>2898</sup> "The term 'pole attachment' means any attachment by a cable television system or provider of telecommunications service to a pole, duct, conduit, or right-of-way owned or controlled by a utility." 47 U.S.C. § 224(a)(4).

<sup>2899</sup> See *Loretto v. Teleprompter Manhattan CATV Corp.*, 458 U.S. 419 (1982).

<sup>2900</sup> *Bell Atlantic Telephone Cos. v. FCC*, 24 F.3d 1441, 1445 (D.C. Cir. 1994).

them to make the ultimate decision as to whether to grant access to their facilities and rights-of-way, on the grounds that a statute compelling them to grant access would be an unconstitutional taking of their private property under the Fifth Amendment.<sup>2901</sup> AEP notes that in *FCC v. Florida Power Corp.* the Supreme Court upheld the 1978 Pole Attachments Act, in part because nothing in that statute compelled utilities "to enter into, renew, or refrain from terminating pole attachment agreements."<sup>2902</sup> By contrast, the Supreme Court held that a state law requiring a landlord to permit a cable operator to install and maintain cable facilities over the landlord's apartment building constituted a taking of private property.<sup>2903</sup> On the basis of these cases, AEP contends: "To pass constitutional muster, the access required under section 224(f)(1) must be voluntary."<sup>2904</sup> Likewise, Puget argues: "If the Commission interprets the act's access requirement broadly as mandating access to the facility owner's property to all who desire it, the Takings Clause would be violated."<sup>2905</sup>

1189. Other utilities argue that the Fifth Amendment is implicated by the access requirements of section 224(f)(1), but stop short of contending that mandating access under the statute renders it unconstitutional. U S West believes that any discussion of access under section 224(f)(1) "would be incomplete without explicit recognition of the fact that such mandatory occupation . . . constitutes the taking of private property. As such, both the Commission and respective state regulatory agencies must ensure that LECs receive just compensation for their taken property."<sup>2906</sup> Virginia Power believes that any mandatory access requirement would result in a taking of private property, and notes "the potential constitutional issue . . . ."<sup>2907</sup> UTC states that forced access "raises serious questions, regarding at least, the taking of property without just compensation."<sup>2908</sup> Finally, GTE suggests that mandatory access under section 224(f)(1) may be unconstitutional as a taking of private property without just compensation, when considered in conjunction with the method

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<sup>2901</sup> AEP comments at 7-10; Virginia Electric comments at 4; GTE comments at 23; Puget comments at 3; UTC comments at 4.

<sup>2902</sup> 480 U.S. 245, 251 n. 6 (1987).

<sup>2903</sup> *Loretto v. Teleprompter Manhattan CATV Corp.*, 458 U.S. 419 (1982).

<sup>2904</sup> AEP comments at 7.

<sup>2905</sup> Puget comments at 3.

<sup>2906</sup> U S West comments at 16.

<sup>2907</sup> Virginia Power comments at 4.

<sup>2908</sup> UTC comments at 5.

by which pole attachment rates will be determined under section 224(e)(2).<sup>2909</sup>

1190. Other commenters contend that there are no relevant constitutional issues to be confronted. Cole argues that requiring a utility to connect its facilities with those of other parties is simply a condition of providing utility service.<sup>2910</sup> With respect to LECs, for instance, Cole states: "Part of the obligation of being a regulated telecommunications common carrier is to provide services deemed to be necessary by regulators whether the regulated common carrier 'wants' to provide them or not."<sup>2911</sup> Cole contends that mandatory access to poles and other facilities "has no impact on the applicable constitutional standard."<sup>2912</sup> "As long as the rates for pole space and services are not confiscatory," Cole asserts, "there simply is no taking."<sup>2913</sup> In the alternative, Cole argues that "even if the access provision of section 224(f)(1) does constitute a taking, any argument that the compensation provided by the statute is not compensatory must be decided in a specific case, and not in this generic rulemaking."<sup>2914</sup>

### c. Discussion

1191. Section 224(f)(1) mandates that a utility grant access to a requesting telecommunications provider or cable system operator, subject to certain conditions that we discuss elsewhere in this Order. That provision is not reasonably susceptible of a reading that gives the pole owner the choice of whether to grant telecommunications carriers or cable television systems access. Even if such mandatory access results in a taking, we cannot agree that it necessarily raises a constitutional issue. The Fifth Amendment permits takings as long as the property owner receives just compensation for the property taken.<sup>2915</sup>

1192. As for the amount of compensation provided under the statute, GTE suggests that mandatory access will result in an unconstitutional taking when considered in conjunction with the methodology for pole attachment rates set forth in section 224(e)(2). We, of course,

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<sup>2909</sup> GTE comments at 23 & n. 24.

<sup>2910</sup> Cole comments at 28.

<sup>2911</sup> *Id.* at 7.

<sup>2912</sup> *Id.* at 29.

<sup>2913</sup> *Id.* at 31 [citing *FPC v. Hope Natural Gas*, 320 U.S. 591, 602 (1944)].

<sup>2914</sup> *Id.* at 31 [citing *WBEN v. United States*, 396 F.2d 601, 618 (2d Cir.), *cert. denied*, 393 U.S. 914 (1968)].

<sup>2915</sup> *Id.*

have no power to declare any provision of the Communications Act unconstitutional.<sup>2916</sup> In any event, we cannot agree. Congress has provided for compensation to pole owners, in the event that they cannot resolve a dispute with telecommunications carriers regarding the charges for use of the owners' poles, that would allow them to recover the cost of providing usable space to each entity and two-thirds of the cost of the unusable space apportioned among such users. The Commission soon will initiate a separate rulemaking proceeding that will give greater content to this statutory standard. GTE and others may present their just compensation arguments with respect to the ratemaking standards the Commission adopts in that proceeding. GTE has not shown here, however, how the statutory standard contained in section 224(e) necessarily would deny pole owners just compensation.

#### **4. Modifications**

##### **a. Background**

1193. In the NPRM we sought comment on section 224(h) which provides:

Whenever the owner of a pole, duct, conduit, or right-of-way intends to modify or alter such pole, duct, conduit, or right-of-way, the owner shall provide written notification of such action to any entity that has obtained an attachment to such conduit or right-of-way so that such entity may have a reasonable opportunity to add to or modify its existing attachment. Any entity that adds to or modifies its existing attachment after receiving such notification shall bear a proportionate share of the costs incurred by the owner in making such pole, duct, conduit, or right-of-way accessible.<sup>2917</sup>

1194. The NPRM requested comments addressing the manner and timing of the notice that must be provided to ensure a reasonable opportunity to add to or modify its attachment. In addition, we sought comment regarding the establishment of rules apportioning the cost of a modification among the various users of the modified facility. Finally, we requested comment on whether any payment of costs should be offset by the potential increase in revenues to the owner. If, for example, an owner modifies a pole to allow additional attachments that generate additional fees for the owner, should such revenues offset the share of modification costs borne by entities with preexisting access to the pole?

##### **b. Comments**

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<sup>2916</sup> See *GTE California v. FCC*, 39 F.3d 940, 946 (9th Cir. 1994) (citing *Johnson v. Robison*, 415 U.S. 361, 368 (1974)).

<sup>2917</sup> 47 U.S.C. § 224(h).

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(1) Manner and Timing of Notice

1195. Several commenters state that no firm notice period should be established, due to the impracticalities of applying a single standard to the wide variety of situations that may necessitate modifications. Ameritech argues that the appropriate manner and timing for notice will vary according to local factors, such as the specific facility, the attachment, and the nature, extent and reason for the change.<sup>2918</sup> According to Ameritech, time frames for responding to circumstances will vary according to the reason for the modification, including modifications due to damage, deterioration, technological improvements, public works projects and demand growth. Given these variables, Ameritech contends that rigid notification rules could impair the facility owner's ability to respond to emergencies, and would unnecessarily complicate and delay expansion, improvement and maintenance of facilities.<sup>2919</sup>

1196. Most of the commenters agree that exceptions to any firm notice requirements should be made for emergency situations, such as storm restoration work, and minor modifications.<sup>2920</sup> Electric utilities argue that written notification requirements must not restrict their ability to respond to emergencies, customer complaints or routine maintenance.<sup>2921</sup> Incumbent LECs echo these suggestions.<sup>2922</sup> Duquesne urges an exception to any specific notice requirement where the utility's database does not show that the attachment exists.<sup>2923</sup> Duquesne contends that telecommunications providers often make attachments without prior notice to the utility. Although the utility will discover the attachment when it goes to service the pole, Duquesne argues it should not have to suspend that service to give notice to a communications provider that attached without notice to the utility. As proposed by Duquesne, this exception would sunset in five years, by which time the utility would be required to have an accurate database.<sup>2924</sup>

1197. Those commenters who propose specific notice periods varied widely with

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<sup>2918</sup> Ameritech comments at 39.

<sup>2919</sup> *Id.*; accord, ConEd comments at 13; NU System Companies comments at 6.

<sup>2920</sup> Ameritech comments at 39; AT&T reply at 20; Bell Atlantic comments at 15; ConEd comments at 13-14; Delmarva comments at 23-24; Duquesne comments at 24-25; MFS comments at 12; NU System Companies comments at 6.

<sup>2921</sup> Public Service Company of New Mexico comments at 27; Virginia Electric comments at 19; Carolina Power reply at 2; American Electric Power reply at 41-43.

<sup>2922</sup> USTA comments at 10; Bell Atlantic comments at 15; SBC reply at 31-32.

<sup>2923</sup> Duquesne comments at 25.

<sup>2924</sup> *Id.*



regard to what they deem "reasonable" notice: periods of 10,<sup>2925</sup> 30,<sup>2926</sup> 60,<sup>2927</sup> 90,<sup>2928</sup> and 180<sup>2929</sup> days were recommended, with at least one commenter requesting a full year's notice before modifications could take place.<sup>2930</sup> In justifying the various notice periods and exceptions presented, commenters cite existing notification periods in standard contracts.<sup>2931</sup> They also express concerns that longer periods would interfere with a utility's ability to allocate work crews and schedule necessary outages efficiently,<sup>2932</sup> that upgrade schedules could be disrupted if a longer period were mandated,<sup>2933</sup> or that longer periods would be necessary to allow users to determine future business and economic needs.<sup>2934</sup> Teleport recommends that modifications which benefit only some users should not interrupt usage by others.<sup>2935</sup>

1198. A number of commenters express a preference for negotiated notification terms.<sup>2936</sup> For example, BellSouth currently negotiates contractual notice provisions with attaching communications providers and expresses concern that these contracts may have to be re-negotiated should rigid notice periods be established.<sup>2937</sup> BellSouth also has online notification programs, which it argues should be recognized as meeting any written

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<sup>2925</sup> AT&T comments at 20; Delmarva comments at 23-24; Duquesne comments at 24.

<sup>2926</sup> PECO comments at 8. PECO also notes that a period exceeding 30 days may be appropriate in the case of particular rights-of-ways, such as ducts, which have special logistical difficulties and greater expenses associated with them. *Id.* at 9.

<sup>2927</sup> AT&T comments at 20, and AT&T reply at 20; GST Telecom comments at 7; U S West comments at 19.

<sup>2928</sup> Cole comments at 20; MFS comments at 11; Time Warner comments at 15.

<sup>2929</sup> MCI comments at 25.

<sup>2930</sup> Teleport comments at 10.

<sup>2931</sup> Cole comments at 20.

<sup>2932</sup> PECO comments at 8; USTA comments at 10, reply at 9.

<sup>2933</sup> PECO comments at 8.

<sup>2934</sup> Teleport comments at 10.

<sup>2935</sup> *Id.*

<sup>2936</sup> See, e.g., Bell Atlantic comments at 15; GTE comments at 27; Illinois Commission Comments at 72-73; NEES comments at 15-16; PacTel comments at 18; USTA reply at 9.

<sup>2937</sup> BellSouth comments at 17-18.